MANITOBA CROP INSURANCE CORPORATION

2001 – 2002 ANNUAL REPORT

103-00470/

LETTERS OF TRANSMITTAL

The Honourable Peter M. Liba
Lieutenant-Governor of Manitoba
Room 235 Legislative Building
Winnipeg, Manitoba
R3C OV8

May It Please Your Honour:

I have the privilege of presenting for the information of Your Honour, the Annual Report of the Manitoba Crop Insurance Corporation for the fiscal year ending March 31, 2002.

Respectfully submitted,

Rosann Wowchuk

Rosann Wowchuk
Minister of Agriculture and Food

LETTERS OF TRANSMITTAL

The Honourable Rosann Wowchuk
Minister of Agriculture and Food
Room 165 Legislative Building
Winnipeg, Manitoba
R3C OV8

Dear Madame:

Presented herewith is the Manitoba Crop Insurance Corporation's Annual Report for the fiscal year ending March 31, 2002.

Respectfully submitted,

Walter W. Kolisnyk
Chairman
Board of Directors

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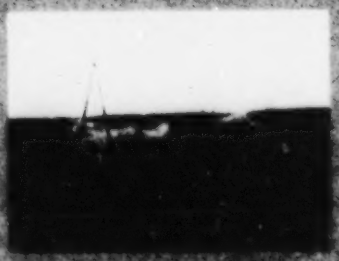
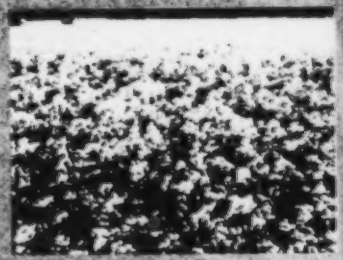
Cover Photo by: Dave Reede





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MISSION STATEMENT

OFFERING MANITOBA'S AGRICULTURAL PRODUCERS RISK MANAGEMENT PROGRAMS WHICH PROVIDE STABILITY AND ASSIST IN ADAPTING TO CHANGE.

VISION

To ensure we continue to be committed to carrying out our mission, Manitoba Crop Insurance Corporation (MCIC) will be an organization that:

- researches, develops and delivers new and improved products and services to assist in reducing risk in the agricultural industry;
- is instrumental in the development of policy relating to risk management programs for agricultural producers in Manitoba;
- conducts its business with qualified and motivated people;
- has the pre-eminent expertise in the delivery of land-based programs in Manitoba; and
- strives to improve efficiency.

CORPORATE VALUES

WE VALUE OUR:

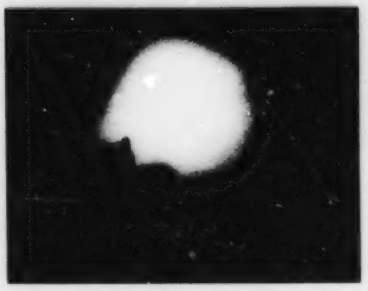
Clients – The needs and interests of our clients come first.

Excellence in job performance by dedicated staff – Excellence in our work is recognized and rewarded.

Good working relationships – We share our ideas and work co-operatively with our clients and business associates in an open and forthright manner.

Public trusteeship role – We manage our operations to the benefit of all parties involved.

Contribution to the agricultural sector – We help Manitoba's agricultural industry achieve sustainable economic growth and financial stability. We encourage our staff to be positive role models and leaders in their communities.



STRATEGIC DIRECTIONS

Six strategic directions for achieving our vision have been set out in MCIC's strategic plan. They are as follows:

- enhance service to our clients through new and improved programs, which more effectively stabilize risk and provide superior delivery of programs and services;
- ensure that the governing legislation and policies provide producers with effective risk management alternatives;
- enhance the awareness of industry and government as to the importance of the Corporation's risk management programs in terms of reducing overall risk in the agricultural sector;
- strengthen human resources with better training, more effective communication and ensure that we have the right people for existing and new initiatives;
- seek out revenue and funding opportunities that will support product development and service delivery; and
- continue to improve efficiencies through streamlined processes and better use of technology.

BOARD OF DIRECTORS

Walter W. Kolisnyk, Chairperson
Minitonas

Hazel H. Arndt, Vice-Chairperson
Roblin

Brad R. Mroz
Beausejour

Harry S. Sotas
Solsgirth

Frank R. Fiarchuk
Arborg

BACK ROW: Harry Sotas, Brad Mroz, Frank Fiarchuk
FRONT ROW: Hazel Arndt, Walter Kolisnyk

CORPORATE OFFICERS

Neil A. Hamilton, B.S.A., M.Sc., Ph.D.
General Manager

Jim V. Lewis, B.S.A., C.M.A.
Director of Finance and Administration

Herb Sulkers, B.Sc.
Director of Field Operations

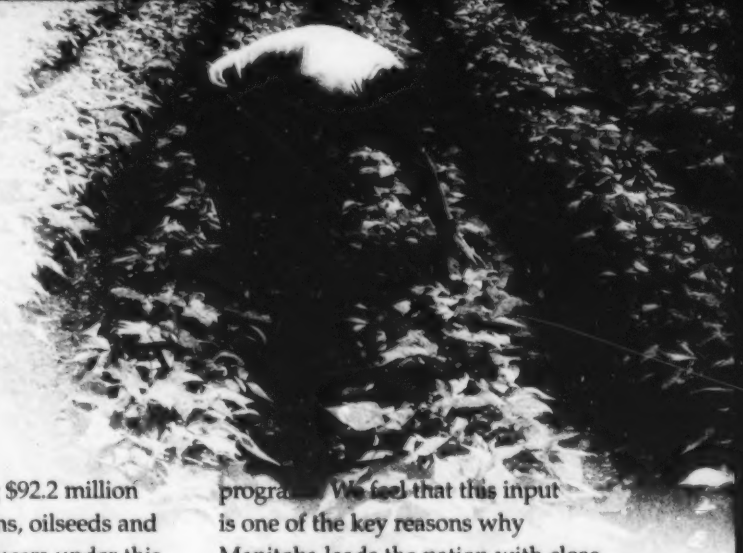
Paul M. Bonnet, B. Comm
Director of Research and Program Development

Kim M. Poschenrieder, B.S.A.
Corporate Secretary

BACK ROW: Paul Bonnet, Kim Poschenrieder
FRONT ROW: Herb Sulkers, Neil Hamilton, Jim Lewis

LEGAL COUNSEL

Thompson Dorfman Sweatman



CHAIRMAN'S MESSAGE

In concert with its mission statement, the Manitoba Crop Insurance Corporation has successfully provided risk management programs, such as crop and hail insurance, and wildlife damage compensation to Manitoba's farmers for forty-two years.

With continued expansion of the Crop Insurance Program, insurance is now provided on 44 different crops. In order to encourage diversification and increase participation in the Crop Insurance Program, a number of enhancements were made to the program for the 2001 crop year. A higher dollar value for the production of pedigreed red spring wheat and barley seed was introduced. Forage Establishment Insurance was expanded to include sainfoin, perennial ryegrass, alsike clover and red clover. Due to the low initial crop prices, the High Dollar Value Option was continued for 2001. In addition, premium rates to producers and governments were reduced by about 23% due to the large reserve fund balance. The end result for 2001 was insurance being provided to 11,054 contract holders on over 8.5 million acres.

During 2001/02, the Corporation administered the Canada-Manitoba Adjustment Program 2 (CMAP 2). Payments totalling $92.2 million were made to grains, oilseeds and special crops producers under this program. The Corporation worked very hard to deliver CMAP 2 payments in an effective and efficient manner. Payments were made quickly, farmers' paperwork was kept to a minimum and the cost of administering the program amounted to only 0.1% of the total program cost.

The producers' share of the final Gross Revenue Insurance Plan (GRIP) surplus, which including interest amounted to $7.8 million, was distributed to producers in April 2001. This amount, combined with the initial payment in 1997, resulted in a total producer refund of $23.6 million (9% of the total premium paid by producers).

The agricultural industry continues to experience rapid change. The Corporation's Board of Directors and staff meet regularly with producer groups and individual producers to discuss the development of new programs and the refinement of existing programs in an effort to meet the needs of our clients. We very much appreciate the efforts of the people who participate in these meetings. Their input is crucial to the design and delivery of effective risk management programs. We feel that this input is one of the key reasons why Manitoba leads the nation with close to 85% of annual crop acres insured.

Although our neighboring provinces experienced severe drought in 2001, Manitoba experienced one of the wettest crop years in recent history. The Excess Moisture Insurance Program alone paid out $13 million (an average of $10,200 per claim). A total of $97.3 million in crop insurance indemnities were paid out in 2001/02. The average payment per claim was $9,249, which is significantly higher (171%) than the previous five year average.

In an effort to provide one-stop service, the Corporation also offers hail insurance. In 2001/02, the Corporation paid out hail indemnities of $6.3 million, which were down considerably from the 2000/01 record-high of $9.7 million. Similarly, payments under the Wildlife Damage Compensation Program were down considerably at $1.2 million. The decrease was due to very little crop being left over winter, reduced snow cover and mild winter temperatures.

The Corporation strives to provide excellent service to farmers. In 2001/02, the Corporation issued more than 60,000 cheques for a total

of $205 million (all programs). Due to the implementation of new computer software, an increased number of claims were completed on-line at the time the claims were adjusted. In addition, about 60% of our hail claims were entered into the computer system by adjusting staff in our agency offices.

With continued financial support from its stakeholders, the Manitoba Management Plus Program (MMPP) was expanded to include information on pesticide usage. The Corporation's Internet site, *mcic-online.com*, was also expanded. These changes increase the amount of crop management and program information that is available to farmers via the Internet.

In order to assist farmers, the Corporation has developed a computerized application that allows agents to estimate a customer's crop insurance coverage and premium levels under different scenarios. Customers tell us that this is very useful information when developing their business plans and arranging financing. One-third of the 2002/03 applications were completed on-line using the new software. The plan is to expand the service to additional agencies in the upcoming year.

On a final note, it is a privilege to work with such a dedicated team of management and staff. I would also like to acknowledge the strong leadership and commitment of three former Board members, Ian Wishart, Patricia Fehr and Barry Routledge. In February 2001, three new members, Hazel Arndt, Harry Sotas and Frank Fiarchuk, joined the Board, bringing with them significant talent and experience in the agricultural industry. Together, we look forward to 2002/03 and the many challenges and opportunities that lie ahead.

Walter W. Kolisnyk
Chairman

ADMINISTRATION

The Manitoba Crop Insurance Corporation (MCIC) is a Crown Corporation of the Province of Manitoba. The Corporation's policies are established by its Board of Directors, which reports directly to Manitoba's Minister of Agriculture and Food. The Board and staff consult on a regular basis with producers and producer groups with respect to crop insurance issues and needs.

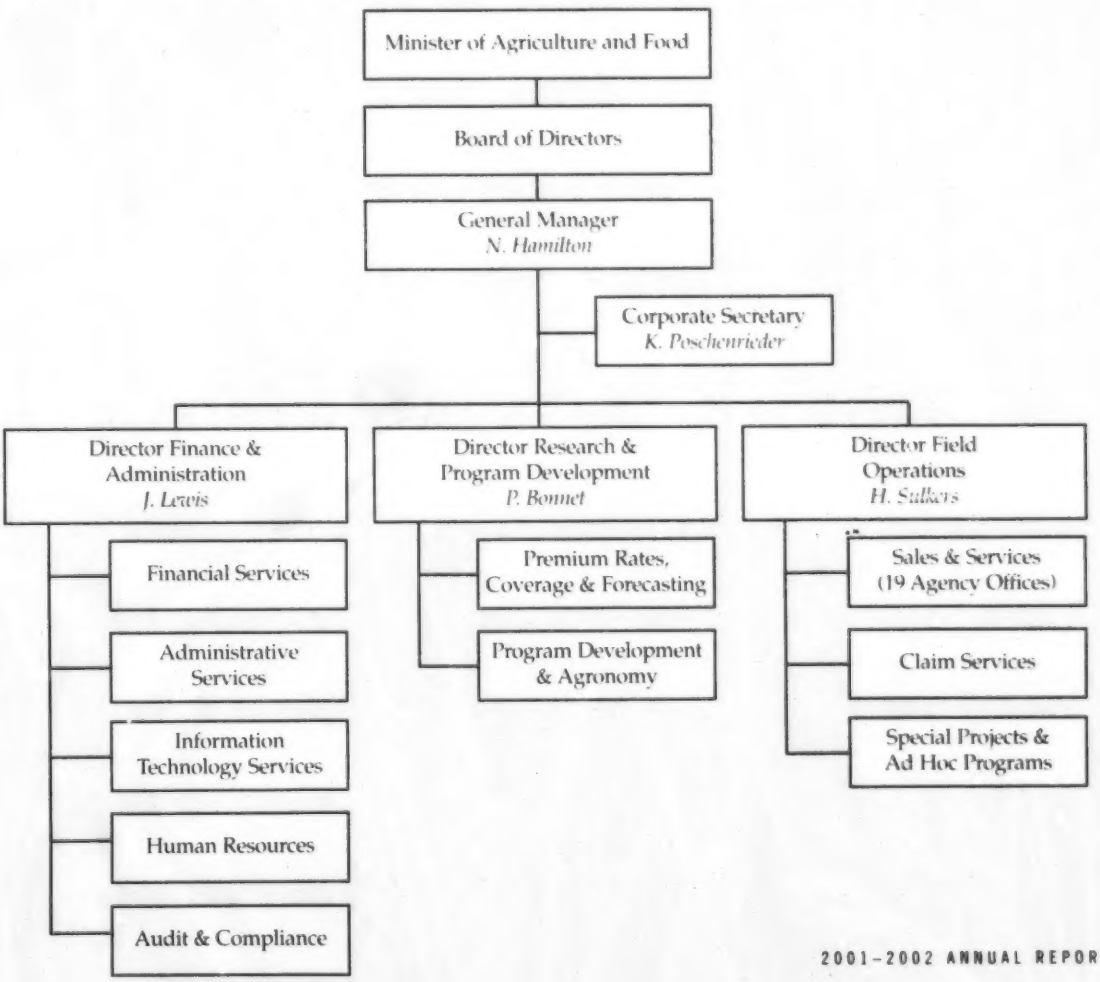
The Corporation has a permanent complement of 101 staff years, supplemented as required by adjusting and part-time staff. MCIC employs over 150 adjusters.

An independent three-member Appeal Tribunal holds hearings related to disputes between insured producers and the Corporation respecting the Corporation's assessment of loss or damage. The Appeal Tribunal's decisions are final and binding on both parties.

The Corporation's programs and services are delivered by 19 Agency Offices, strategically located throughout the province, which are shown on the Agencies map (Page 20). Head Office is located in Portage la Prairie. Agency Offices are connected to the main computer at Head Office for efficient access to client's data. A local area network provides for electronic communications amongst all staff and offices.

ORGANIZATION CHART

Manitoba Crop Insurance Corporation – March 31, 2002



CURRENT PROGRAMS

CROP INSURANCE PROGRAM

The Crop Insurance Program provides production insurance against natural perils for 44 separate crops. Insurance is also provided for forages during the establishment stage and for the inability to seed land due to wet conditions.

The natural perils covered by insurance include drought, excess moisture (rainfall or flood), frost, hail, fire, excess heat, wind, wildlife and waterfowl, disease and pests. Causes of loss that are within an insured producer's control are not covered.

Producers can select coverage levels of 50%, 70% or 80%. Individual crops can be insured at different coverage levels or can be excluded from coverage completely. Coverage is based on the producer's expected (probable) yield multiplied by the coverage level selection multiplied by the number of insured acres. If harvested production falls below coverage, an indemnity equal to the production shortfall multiplied by the dollar value is paid to the insured producer.

Excess Moisture Insurance (EMI) is a basic feature of the Crop Insurance Program. All producers with an active crop insurance contract have EMI coverage on land intended for spring seeding, with the related premiums paid by the two levels of government. If producers are unable to seed their land by June 20th due to wet conditions, they receive compensation of $50 per acre multiplied by the number of eligible acres, less the applicable deductible. A zero deductible option is available.

For insurance purposes, the Province is divided into fifteen areas of similar crop production risk based on factors such as climate, topography and yield history. The risk areas, which are shown on the Risk Areas map (Page 19), form the geographic basis for the determination of coverage and premium rates. The probable yields that are used to determine coverage are individualized based on the producer's yield history relative to the area average.

Premium costs are shared between insured producers and the Governments of Canada and Manitoba. For the 50% coverage level and basic EMI, there is no producer premium, with the related cost being paid 60% by Canada and 40% by Manitoba. For coverage above the 50% level and for the EMI zero deductible option, producers pay half of the premium cost with the remainder shared equally by Canada and Manitoba. A producer's claim experience results in premium discounts or surcharges.

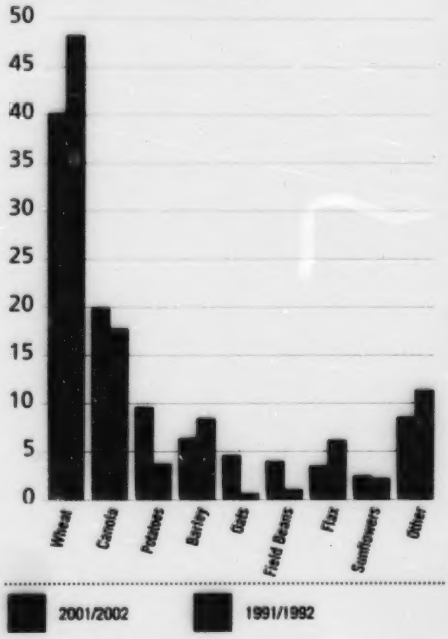
Producers pay a $0.20 per acre administration fee. In 2001/02, the administration fees covered approximately 18% of total administrative expenses. The remainder of the administrative expenses is shared equally by the two levels of government.

Claims are adjusted on a crop specific basis. Insured producers receive indemnity payments based on the difference between their coverage and the total amount of harvested production. If the grade of the harvested crop falls below the quality guarantee, harvested production is reduced by the relative market value of the crop.

Table 3 (Page 16) provides a summary of insurance written in 2001/02, including the major causes of loss by crop. Eight of Manitoba's major crops (wheat, canola, potatoes, barley, oats, field beans, flax and sunflowers) account for over 91% of total coverage. Compared to ten years earlier, the percentage of total coverage has increased for oats (563%), field beans (268%), potatoes (156%), sunflowers (14%) and canola (12%), and has decreased for wheat (17%), barley (24%) and flax (42%). These changes reflect Manitoba producers' diversification and movement to higher value crops. The relative shift in crops is illustrated in Figure 1.

FIGURE 1

COVERAGE WRITTEN
CROP INSURANCE PROGRAM
PERCENTAGE OF TOTAL COVERAGE



A good illustration of the regional weather variability in 2001 was the contrast between the two major causes of loss - excess moisture versus drought and heat. Excess moisture accounted for 66% of total losses whereas drought and heat accounted for 26% of total losses. Figure 2 shows the 2001/02 major causes of loss, with historical causes of loss shown in Figure 3.

The 2001 crop insurance loss ratio (losses as a percentage of premium) averaged 122%. By crop, the largest loss ratios occurred in canaryseed (829%), greenfeed (370%), oats (249%), native hay (193%), non oil sunflowers (190%), flax (187%), barley (177%), feed wheat (164%), winter wheat (138%), red spring wheat (133%) and mustard (128%). The smallest loss ratios occurred in vegetables, annual ryegrass seed and grain corn, all having loss ratios of less than 10%.

In summary, over 8.5 million acres were insured under the Crop Insurance Program for the 2001 crop year. The slight decrease from the previous year was mainly due to the inability to seed 300,000 acres due to excess moisture. Figure 4 illustrates the number of acres insured over the past five years.

Total premiums for 2001/02 were $72.2 million on $967 million of coverage (liability). Indemnity payments for the year totalled $97.3 million. A historical summary of premiums and indemnities is shown in Table 4 (Page 17), with the most recent five years illustrated in Figure 5.

After accounting for interest revenue of $12.2 million, MCIC incurred a $20.4 million operating loss for 2001/02. This resulted in retained earnings decreasing from $286.2 million to $265.8 million.

FIGURE 2

2001/02 CAUSES OF LOSS
CROP INSURANCE PROGRAM

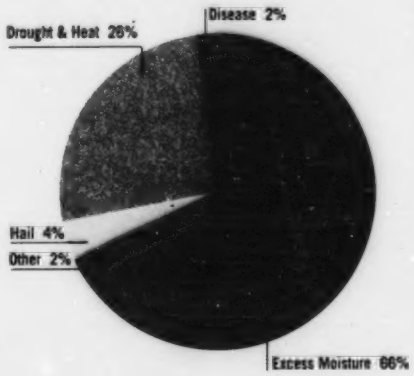


FIGURE 3

1966/67 TO 2000/01 CAUSES OF LOSS
CROP INSURANCE PROGRAM

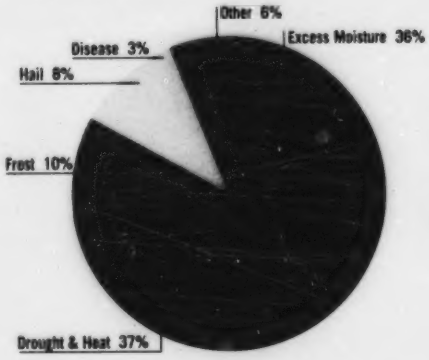


FIGURE 4

ACRES INSURED
CROP INSURANCE PROGRAM
ACRES (MILLIONS)

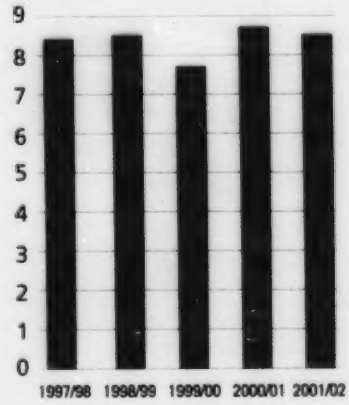
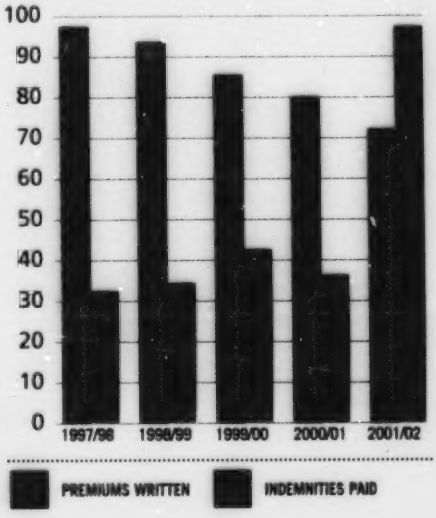


FIGURE 5

TOTAL PREMIUMS & INDEMNITIES
CROP INSURANCE PROGRAM
$ (MILLIONS)



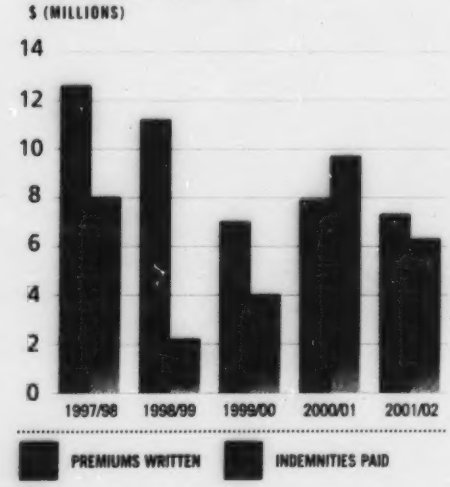
HAIL INSURANCE PROGRAM

A separate policy covering spot loss hail damage is available to producers enrolled in the Crop Insurance Program. Producer premiums pay all of the costs of the Hail Insurance Program, including administrative expenses. Premium rates are calculated by Crop Insurance Program risk areas, rather than by township as is the case for private insurance. Coverage can be selected at any time during the growing season and is available in various dollar amounts depending on the crop. The Hail Insurance Program also provides coverage for losses due to accidental fires.

In 2001/02, MCIC insured 2.1 million acres for a total coverage of $224 million. Total premium prior to discounts was $7.3 million with indemnities of $6.3 million. The resulting loss ratio was 87%. Figure 6 provides a summary of Hail Insurance Program experience over the last five years.

FIGURE 6

TOTAL PREMIUMS & INDEMNITIES
HAIL INSURANCE PROGRAM



After adjusting for interest revenues of $0.9 million, reinsurance premium of $0.6 million and administrative expenses of $1.5 million, the Hail Insurance Program had an operating loss for the year of $0.3 million. Retained earnings decreased from $20.7 million to $20.4 million.

GROSS REVENUE INSURANCE PLAN

At the end of the 1995/96 crop year, the Gross Revenue Insurance Plan (GRIP) was discontinued. The Manitoba component of this national program operated for five years (1991/92 to 1995/96) and was administered by the Corporation. GRIP was offered as a top-up to crop insurance and provided producers with a combination of yield and price insurance.

In February 1997, $47.5 million (or 75% of the March 31, 1996 excess of revenue over expenditure) was distributed to participants according to their respective premium contributions. The balance of the surplus was retained, earning interest, until all outstanding issues relating to GRIP were finalized. During 2001/02, a final distribution was made, with producers and the Governments of Canada and Manitoba receiving $7.8 million, $7.1 million and $6.0 million, respectively. Interest earnings of $3.0 million related to the federal share of the surplus were retained at March 31, 2002. This remaining amount was distributed in April 2002 to the Food Development Centre in accordance with a federal/provincial agreement on this matter.

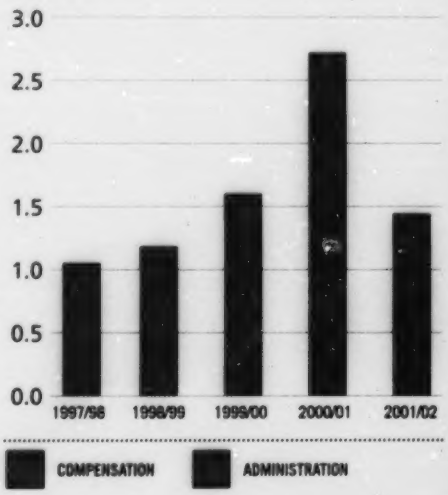
WILDLIFE DAMAGE COMPENSATION PROGRAM

The Wildlife Damage Compensation Program reduces the financial loss suffered by farmers from damage to crops and other agricultural products caused by migratory waterfowl and big game. In 1997/98, the Wildlife Damage Compensation Program was expanded to include compensation for agricultural livestock killed or injured by natural predators.

Compensation is paid on 100% of lost production. Producers are expected to take reasonable steps to prevent wildlife damage and predator attacks.

FIGURE 7

HISTORICAL EXPENDITURES
WILDLIFE DAMAGE COMPENSATION PROGRAM



For 2001/02, Wildlife Damage Compensation Program payments and administrative expenses totalled $1.4 million. Payments were down 47% from the previous year. Experience for the three program components is shown in Table 1 below. Figure 7 (Page 12) provides a summary of wildlife compensation payments and administrative expenses for the last five years.

TABLE 1

WILDLIFE DAMAGE COMPENSATION PROGRAM

Damage Caused by	Number of Claims		Compensation (000)		Administration (000)		Total (000)	
	2001/02	2000/01	2001/02	2000/01	2001/02	2000/01	2001/02	2000/01
Big Game	533	1,034	$ 573.7	$1,352.0	$ 126.8	$ 337.7	$ 700.5	$1,689.7
Waterfowl	162	336	321.4	658.2	31.4	61.4	352.8	719.6
Livestock Predation	785	617	284.3	210.5	94.7	88.3	379.0	298.8
Total Wildlife Damage Compensation	**1,480**	**1,987**	**$1,179.4**	**$2,220.7**	**$ 252.9**	**$ 487.4**	**$1,432.3**	**$2,708.1**

MANITOBA MANAGEMENT PLUS PROGRAM

Crop production information provided by the Manitoba Management Plus Program (MMPP) assists producers in making better management decisions. The MMPP was started in 1993. The current program is a joint project between MCIC, Manitoba Agriculture and Food, the Manitoba Rural Adaptation Council, the Manitoba Cooperator and Keystone Agricultural Producers. Information distributed to producers in 2001/02 included the crop variety performance publication "Yield Manitoba," a new query tool for accessing pesticide benchmark information via the Internet, and ongoing yield, input use and seeding date information. Producers and the agricultural industry consider the benchmark information provided through MMPP to be a very valuable resource.

CANADA-MANITOBA ADJUSTMENT PROGRAM

The Canada-Manitoba Adjustment Program (CMAP) was administered by the Corporation in 2000/01. CMAP was a one-time payment to assist producers in adjusting to the elimination of transportation subsidies on specific grains, oilseeds and special crops during a period of low commodity prices.

Producers received approximately $100 million in payments through this program in 2000/01. An additional provision was established at March 31, 2001 to allow new producers to be eligible for a full year of qualifying sales. Payments of $316,000 were made to 124 new producers in 2001/02.

CANADA-MANITOBA ADJUSTMENT PROGRAM 2

The Canada-Manitoba Adjustment Program 2 (CMAP 2) was announced in March 2001. This program provided $92.3 million to Manitoba producers in an effort to lessen the impact of the farm income crisis in the grains, oilseeds and special crop sector. CMAP 2 was based on a producer's highest level of qualifying sales from 1997 to 1999. The maximum eligible sales were $125,000 for an individual and for each shareholder in a corporation, up to a corporate maximum of $625,000. The program was cost shared by the Governments of Canada (60%) and Manitoba (40%). The administrative expenses for the program totalled $116,000 (1/10 of 1% of payments).

A total payment of 7.227% of qualifying sales was mailed to producers in two installments, the first in June 2001 with a final payment in October 2001.

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TABLE 2

FIVE YEAR STATISTICS

	2001/02	2000/01	1999/00	1998/99	1997/98
Crop Insurance Program					
Total coverage ($ millions)	966.9	832.2	855.2	884.1	900.4
Number of producer contracts	11,054	11,309	11,273	11,644	12,421
Insured acres (000)	8,542	8,683	7,687	8,496	8,439
Premiums – Producers ($000)	19,941	21,490	23,492	25,517	26,833
Premiums – Government of Canada ($000)	29,357	32,939	34,874	38,320	39,656
Premiums – Province of Manitoba ($000)	22,895	25,542	27,164	29,800	30,910
Total premiums ($000)	72,193	79,970	85,530	93,638	97,399
Indemnities paid ($000)	97,347	36,291	42,558	34,346	32,495
Number of claims paid	10,525	6,013	6,194	6,831	5,929
Administrative expenses ($000)	9,996	9,221	8,667	8,541	8,454
Average acres per contract	773	768	682	730	679
Average coverage per contract ($)	87,470	73,587	75,863	75,928	72,490
Average coverage level selected (%)	71.2	70.9	71.3	71.4	71.1
Average producer premium per contract ($)	1,804	1,900	2,084	2,191	2,160
Average total premium per contract ($)	6,531	7,071	7,587	8,042	7,841
Average indemnity per claim ($)	9,249	6,035	6,876	5,028	5,481
Net income for the year ($ millions)	(20.4)	57.7	52.8	58.4	52.3
Funds retained at year end ($ millions)	265.8	286.2	228.5	175.7	117.3
Hail Insurance Program					
Total coverage ($ millions)	223.8	241.6	185.4	274.3	307.8
Number of producer contracts	3,238	3,444	3,378	4,533	5,203
Insured acres (000)	2,105	2,295	2,029	3,009	3,384
Premiums, net of discounts ($000)	7,131	7,754	7,012	11,232	12,583
Indemnities paid ($000)	6,325	9,738	4,048	2,173	7,987
Number of claims paid	1,509	2,646	1,331	746	2,106
Administrative expenses ($000)	1,503	1,773	1,418	1,460	1,869
Average acres per contract	650	666	601	664	650
Average coverage per contract ($)	69,117	70,151	54,885	60,512	59,158
Average premium per contract ($)	2,202	2,251	2,076	2,478	2,418
Average indemnity per claim ($)	4,192	3,680	3,042	2,912	3,793
Net income for the year ($ millions)	(0.3)	(0.8)	2.2	8.7	2.5
Funds retained at year end ($ millions)	20.4	20.7	21.5	19.3	10.6
Wildlife Damage Compensation Program					
Number of claims paid	1,480	1,987	1,325	1,136	767
Amount of compensation paid ($000)	1,179	2,221	1,378	1,011	890
Administrative expenses ($000)	253	487	215	172	146
Average compensation per claim ($)	797	1,118	1,040	890	1,160

2001 CROP CONDITIONS

Manitoba's 2001 crop year was characterized by large regional variations in weather and crop conditions.

In contrast to much of Canada, where drought conditions prevailed, most of Manitoba had adequate to excessive amounts of rain during the spring and summer of 2001. During the fall of 2000, Manitoba received above normal precipitation, providing ample soil moisture going into the spring of 2001. Saturated soils and persistent rains in May and June combined to delay and, in some instances, even prevent seeding. On average, seeding was delayed by one week. Approximately 300,000 acres were too wet to seed, mainly in central and eastern Manitoba.

Growing conditions in 2001 varied considerably by region. The western area of the province generally was seeded early, received good rainfall and had little adverse weather. The northwest region of the province received the least amount of rain and was in near drought conditions for some of the growing season. The acreage that was sown in the central and eastern regions of Manitoba suffered from a combination of delayed seeding and heavy rainfalls in June and July. In these wet regions, an average of 16 inches of rain fell over the summer, with up to 22 inches being received in some areas. Diseases were particularly widespread in 2001, with fusarium being of particular concern. Hot, humid weather stressed crops in August. Fall was warm and dry allowing harvest to progress smoothly, even for later seeded crops. Generally, the first killing fall frost occurred in late September, after most of the crop had been harvested. In some areas, dry soil conditions delayed the completion of fall fieldwork.

Provincial average yields were not consistent between crops. Barley and oats yielded below average (50 bu/ac and 60 bu/ac, respectively). Wheat and flax yields were about average (32 bu/ac and 18 bu/ac, respectively). Argentine canola and field peas yields were above average (27 bu/ac and 25 bu/ac, respectively). Generally, crop quality was average to above average in the west and northwest, and below average in other areas due to excess moisture and higher than normal levels of disease.

Hay yields for the most part were good, with much of the surplus being sold to drought-stricken areas in Alberta or Saskatchewan or fed earlier than normal due to dry fall conditions. Overall, the winter feed supplies were generally adequate.

TABLE 3

SUMMARY OF INSURANCE WRITTEN AND MAJOR CAUSES OF LOSS BY CROP
FOR THE YEAR ENDED MARCH 31, 2002

Crop	Acres Insured	Coverage (000)	Total Premium (000)	Indemnities (000)	Loss Ratio (%)	Major Causes of Loss					
							(%)		(%)		(%)
Red Spring Wheat	3,191,005	$361,572.4	$23,048.1	$30,531.5	133	Excess Moisture	67	Heat	26		
Durum Wheat	30,069	2,918.5	245.5	283.3	115	Disease	85	Excess Moisture	6	Excess Moisture	23
Extra Strong Wheat	27,121	2,685.3	234.8	116.6	50	Excess Moisture	41	Heat	21	Disease	17
Prairie Spring Wheat	21,104	2,195.4	172.6	143.7	83	Excess Moisture	33	Disease	32	Heat	16
Feed Wheat	31,153	2,779.0	213.9	351.1	164	Excess Moisture	54	Heat	40	Hail	5
Winter Wheat	188,125	17,073.5	1,632.4	2,244.3	138	Winterkill	38	Excess Moisture	35	Frost	22
Barley	856,089	62,598.2	3,597.2	6,373.3	177	Excess Moisture	68	Heat	22		
Oats	606,423	45,511.2	2,936.5	7,324.9	249	Excess Moisture	63	Heat	31		
Mixed Grain	6,519	336.0	28.4	20.0	70	Excess Moisture	75	Drought	23		
Fall Rye	27,778	1,004.3	80.6	89.6	111	Excess Moisture	46	Hail	16	Winterkill	13
Triticale	2,241	76.7	4.6	1.6	35	Excess Moisture	50	Heat	50	Heat	32
Canola	1,704,352	193,028.2	14,509.4	10,276.6	71	Excess Moisture	58	Heat	27	Hail	8
Flax	396,546	34,685.7	2,692.0	5,035.2	187	Excess Moisture	64	Heat	33		
Mustard	15,666	1,489.0	218.6	280.1	128	Excess Moisture	71	Heat	14	Drought	7
Oil Sunflowers	12,563	1,278.5	108.2	61.6	57	Excess Moisture	95				
Non Oil Sunflowers	132,545	23,586.0	1,988.0	3,778.7	190	Excess Moisture	74	Heat	18	Hail	5
Buckwheat	20,080	1,291.4	266.2	169.2	64	Excess Moisture	54	Hail	21	Frost	10
Grain Corn	87,943	14,675.6	1,995.2	83.1	4	Excess Moisture	39	Poor Germination	29	Hail	16
Silage Corn	20,283	3,279.6	129.6	72.4	56	Excess Moisture	93	Heat	5		
Potatoes	75,354	94,026.8	4,656.0	5,343.2	115	Excess Moisture	82	Heat	6	Hail	5
Vegetables *	881	1,480.1	54.4	0.0	0						
Field Peas	132,526	9,848.7	721.8	377.3	52	Excess Moisture	70	Hail	12	Heat	8
Lentils	3,352	379.5	59.0	35.7	61	Excess Moisture	59	Hail	27	Drought	6
Fababeans	11,307	1,168.2	158.9	148.2	93	Excess Moisture	77	Heat	19		
Field Beans *	218,896	39,481.9	4,970.5	3,051.0	61	Excess Moisture	82	Heat	9	Hail	8
Soybeans	36,783	3,743.3	525.2	108.4	21	Excess Moisture	56	Heat	33	Hail	11
Tame Hay *	365,895	22,526.1	1,579.4	413.4	26	Excess Moisture	61	Drought	32	Heat	5
Native Hay	35,709	808.2	137.0	265.0	193	Excess Moisture	100				
Forage Establishment	117,360	3,628.5	533.4	358.2	67	Excess Moisture	56	Drought	20	Heat	14
Pedigreed Timothy Seed	23,199	1,718.8	231.4	169.0	73	Excess Moisture	80	Drought	8	Hail	6
Alfalfa Seed	37,320	6,014.4	955.0	743.6	78	Excess Moisture	90	Drought	5	Heat	5
Canaryseed	57,192	6,163.0	507.4	4,205.6	829	Excess Moisture	63	Heat	35		
Annual Ryegrass Seed	2,453	247.6	32.3	0.0	0						
Hemp Grain	1,565	272.7	22.3	23.2	104	Wind	33	Excess Moisture	29	Insects	22
Greenfeed	42,184	3,060.0	141.8	524.6	370	Excess Moisture	47	Drought	30	Heat	16
Open Pollinated Corn	2,380	268.7	35.3	15.2	43	Heat	45	Excess Moisture	28	Wildlife	14
Unallocated Adjustments			(10.8)	1,295.8							
Subtotal	8,541,961	$966,901.0	$69,412.1	$84,314.2	122	Excess Moisture	66	Drought & Heat	26	Hail	4
Excess Moisture Insurance	8,389,490	$403,053.6	2,780.8	13,032.7	469						
Total			$72,192.9	$97,346.9	135						

*Field Beans include White Pea, Pinto, Kidney and Cranberry and Other Field Beans • Tame Hay includes Alfalfa, Alfalfa/Grass Mixtures, Grasses and Sweet Clover • Vegetables include Carrots, Cooking Onions, Rutabagas and Parsnips

TABLE 4

SUMMARY OF PARTICIPATION, PREMIUMS AND INDEMNITIES PAID

Year	Crop Insurance Program[1]							Hail Insurance Program					
	Number of Contracts[2]	Acres Insured	Coverage ($000)	Producer Premiums ($000)	Total Premiums[3] ($000)	Indemnities ($000)	Annual Loss Ratio (%)	Number of Contracts	Acres Insured	Coverage ($000)	Premiums[4] ($000)	Indemnities ($000)	Annual Loss Ratio (%)
1970-71	13,669	1,587,276	26,873	1,505.2	2,006.9	2,061.5	103	1,583	227,926	4,576	114.3	112.8	99
1971-72	13,233	2,244,971	36,961	2,187.3	2,916.4	1,018.4	35	2,668	561,663	11,463	279.9	80.1	29
1972-73	11,945	2,027,966	35,354	1,895.8	2,527.8	983.1	39	2,443	528,351	10,932	270.9	70.5	26
1973-74	13,585	3,070,213	59,651	2,135.6	4,271.3	2,216.5	52	3,626	983,978	24,521	550.0	617.0	112
1974-75	13,878	3,220,838	81,769	2,846.6	5,693.2	8,299.4	146	3,681	1,016,056	30,928	684.6	423.2	62
1975-76	14,199	3,640,868	126,602	4,785.4	9,570.8	9,338.9	98	4,411	1,255,907	42,472	902.8	1,239.5	137
1976-77	14,583	4,019,879	151,564	5,630.8	11,261.7	8,881.8	79	4,263	1,317,874	47,318	1,029.2	1,197.2	116
1977-78	18,016	5,134,974	210,442	9,384.7	18,769.5	5,590.6	30	4,751	1,530,513	57,205	1,261.5	1,231.5	98
1978-79	15,950	4,551,774	189,208	8,273.6	16,547.2	6,445.4	39	5,062	1,729,463	66,998	1,700.1	1,825.2	107
1979-80	17,275	4,237,086	186,806	8,355.8	16,711.6	11,177.1	67	4,260	1,576,189	63,685	1,683.2	997.9	59
1980-81	14,176	4,741,665	245,847	9,763.1	19,526.1	55,288.7	283	3,518	1,225,244	62,927	1,552.3	1,042.7	67
1981-82	14,633	4,945,403	301,470	12,035.9	24,071.8	18,770.3	78	4,435	1,753,538	94,251	2,273.1	2,266.4	100
1982-83	14,087	4,869,848	309,764	13,256.1	26,512.1	22,600.4	85	4,686	1,961,043	128,490	3,196.1	2,557.6	80
1983-84	13,837	4,878,330	322,254	13,329.9	26,659.7	22,297.6	84	5,104	2,193,680	142,994	3,520.8	3,038.1	86
1984-85	14,087	5,201,958	355,025	15,028.4	30,056.8	29,543.0	98	6,079	2,708,265	178,872	4,603.9	7,728.1	168
1985-86	14,723	5,577,676	438,226	21,827.7	43,655.4	33,287.6	76	6,678	3,113,683	258,223	8,125.4	3,696.9	45
1986-87	14,671	5,567,024	436,142	21,509.1	43,018.1	36,561.7	85	6,634	3,078,347	255,947	8,255.6	6,535.7	79
1987-88	14,070	5,230,009	333,527	16,530.5	33,061.1	27,921.7	84	5,607	2,487,981	203,797	6,645.5	2,822.3	42
1988-89	14,068	5,622,239	375,629	19,188.4	38,376.8	117,923.8	307	5,165	2,175,320	182,635	5,866.2	3,738.6	64
1989-90	15,765	6,645,918	673,831	35,691.2	71,382.3	138,706.8	194	5,147	2,298,720	187,181	5,574.8	9,688.7	174
1990-91	15,670	6,436,601	567,129	36,966.5	73,932.9	25,196.0	34	4,701	2,062,319	170,653	5,395.0	3,488.0	65
1991-92	15,134	6,431,439	391,504	24,730.1	49,460.2	21,350.6	43	2,193	1,047,118	84,737	2,884.8	3,140.8	109
1992-93	13,660	5,899,450	442,477	25,465.3	50,930.7	39,328.4	77	2,406	1,214,543	98,448	3,471.6	2,399.8	69
1993-94	12,799	5,848,025	458,161	24,495.7	48,991.3	104,188.7	213	2,726	1,429,518	115,933	4,100.7	7,115.9	174
1994-95	12,482	6,319,940	512,912	27,161.3	54,322.6	38,036.7	70	2,773	1,481,142	122,867	4,924.6	4,998.6	102
1995-96	11,972	5,811,596	488,366	26,952.0	53,904.1	22,249.3	41	3,705	2,150,903	187,016	7,588.9	5,107.2	67
1996-97	12,788	8,175,360	755,404	23,435.3	82,464.7	11,101.5	13	5,364	3,440,183	315,785	11,813.2	3,801.0	32
1997-98	12,421	8,439,182	900,449	26,833.0	97,398.7	32,494.6	33	5,203	3,383,648	307,827	12,583.3	7,987.0	63
1998-99	11,644	8,495,967	884,092	25,517.2	93,637.5	34,346.3	37	4,533	3,009,432	274,323	11,232.0	2,172.5	19
1999-00	11,273	7,687,037	855,227	23,491.6	85,529.6	42,557.9	50	3,378	2,029,004	185,403	7,012.0	4,048.3	58
2000-01	11,309	8,683,097	832,206	21,490.3	79,970.3	36,291.5	45	3,444	2,295,240	241,578	7,945.5	9,737.6	123
2001-02	11,054	8,541,961	966,901	19,941.5	72,192.9	97,346.9	135	3,238	2,104,656	223,785	7,306.3	6,324.5	87

(1) Excludes data from 1960-61 to 1969-70 and the Livestock Feed Security and Honey Programs (2) Includes landlord contracts
(3) The total premium represents the producers' share plus the Government of Canada's and the Province of Manitoba's shares (4) Hail Insurance Program premiums do not include discounts or surcharges
(5) For 2000-01 and 2001-02, the acres and coverage for Excess Moisture Insurance are not included in the Crop Insurance Program totals

TABLE 3

SUMMARY OF INSURANCE WRITTEN AND MAJOR CAUSES OF LOSS BY CROP
FOR THE YEAR ENDED MARCH 31, 2002

Crop	Acres Insured	Coverage (000)	Total Premium (000)	Indemnities (000)	Loss Ratio (%)	Major Causes of Loss					
							(%)		(%)		(%)
Red Spring Wheat	3,191,005	$361,572.4	$23,048.1	$30,531.5	133	Excess Moisture	67	Heat	26		
Durum Wheat	**30,069**	**2,918.5**	**245.5**	**283.3**	**115**	**Disease**	**85**	**Excess Moisture**	**6**	**Excess Moisture**	**23**
Extra Strong Wheat	27,121	2,685.3	234.8	116.6	50	Excess Moisture	41	Heat	21	Disease	17
Prairie Spring Wheat	**21,104**	**2,195.4**	**172.6**	**143.7**	**83**	**Excess Moisture**	**33**	**Disease**	**32**	**Heat**	**16**
Feed Wheat	31,153	2,779.0	213.9	351.1	164	Excess Moisture	54	Heat	40	Hail	5
Winter Wheat	**188,125**	**17,073.5**	**1,632.4**	**2,244.3**	**138**	**Winterkill**	**38**	**Excess Moisture**	**35**	**Frost**	**22**
Barley	856,089	62,598.2	3,597.2	6,373.3	177	Excess Moisture	68	Heat	22		
Oats	**606,423**	**45,511.2**	**2,936.5**	**7,324.9**	**249**	**Excess Moisture**	**63**	**Heat**	**31**		
Mixed Grain	6,519	336.0	28.4	20.0	70	Excess Moisture	75	Drought	23		
Fall Rye	**27,778**	**1,004.3**	**80.6**	**89.6**	**111**	**Excess Moisture**	**46**	**Hail**	**16**	**Winterkill**	**13**
Triticale	2,241	76.7	4.6	1.6	35	Excess Moisture	50	Heat	50	Heat	32
Canola	**1,704,352**	**193,028.2**	**14,509.4**	**10,276.6**	**71**	**Excess Moisture**	**58**	**Heat**	**27**	**Hail**	**8**
Flax	396,546	34,685.7	2,692.0	5,035.2	187	Excess Moisture	64	Heat	33		
Mustard	**15,666**	**1,489.0**	**218.6**	**280.1**	**128**	**Excess Moisture**	**71**	**Heat**	**14**	**Drought**	**7**
Oil Sunflowers	12,563	1,278.5	108.2	61.6	57	Excess Moisture	95				
Non Oil Sunflowers	**132,545**	**23,586.0**	**1,988.0**	**3,778.7**	**190**	**Excess Moisture**	**74**	**Heat**	**18**	**Hail**	**5**
Buckwheat	20,080	1,291.4	266.2	169.2	64	Excess Moisture	54	Hail	21	Frost	10
Grain Corn	**87,943**	**14,675.6**	**1,995.2**	**83.1**	**4**	**Excess Moisture**	**39**	**Poor Germination**	**29**	**Hail**	**16**
Silage Corn	20,283	3,279.6	129.6	72.4	56	Excess Moisture	93	Heat	5		
Potatoes	**75,354**	**94,026.8**	**4,656.0**	**5,343.2**	**115**	**Excess Moisture**	**82**	**Heat**	**6**	**Hail**	**5**
Vegetables *	881	1,480.1	54.4	0.0	0						
Field Peas	**132,526**	**9,848.7**	**721.8**	**377.3**	**52**	**Excess Moisture**	**70**	**Hail**	**12**	**Heat**	**8**
Lentils	3,352	379.5	59.0	35.7	61	Excess Moisture	59	Hail	27	Drought	6
Fababeans	**11,307**	**1,168.2**	**158.9**	**148.2**	**93**	**Excess Moisture**	**77**	**Heat**	**19**		
Field Beans *	218,896	39,481.9	4,970.5	3,051.0	61	Excess Moisture	82	Heat	9	Hail	8
Soybeans	**36,783**	**3,743.3**	**525.2**	**108.4**	**21**	**Excess Moisture**	**56**	**Heat**	**33**	**Hail**	**11**
Tame Hay *	365,895	22,526.1	1,579.4	413.4	26	Excess Moisture	61	Drought	32	Heat	5
Native Hay	**35,709**	**808.2**	**137.0**	**265.0**	**193**	**Excess Moisture**	**100**				
Forage Establishment	117,360	3,628.5	533.4	358.2	67	Excess Moisture	56	Drought	20	Heat	14
Pedigreed Timothy Seed	**23,199**	**1,718.8**	**231.4**	**169.0**	**73**	**Excess Moisture**	**80**	**Drought**	**8**	**Hail**	**6**
Alfalfa Seed	37,320	6,014.4	955.0	743.6	78	Excess Moisture	90	Drought	5	Heat	5
Canaryseed	**57,192**	**6,163.0**	**507.4**	**4,205.6**	**829**	**Excess Moisture**	**63**	**Heat**	**35**		
Annual Ryegrass Seed	2,453	247.6	32.3	0.0	0						
Hemp Grain	**1,565**	**272.7**	**22.3**	**23.2**	**104**	**Wind**	**33**	**Excess Moisture**	**29**	**Insects**	**22**
Greenfeed	42,184	3,060.0	141.8	524.6	370	Excess Moisture	47	Drought	30	Heat	16
Open Pollinated Corn	**2,380**	**268.7**	**35.3**	**15.2**	**43**	**Heat**	**45**	**Excess Moisture**	**28**	**Wildlife**	**14**
Unallocated Adjustments			(10.8)	1,295.8							
Subtotal	8,541,961	$966,901.0	$69,412.1	$84,314.2	122	Excess Moisture	66	Drought & Heat	26	Hail	4
Excess Moisture Insurance	8,389,490	$403,053.6	2,780.8	13,032.7	469						
Total			$72,192.9	$97,346.9	135						

*Field Beans include White Pea, Pinto, Kidney and Cranberry and Other Field Beans • Tame Hay includes Altalfa, Alfalfa/Grass Mixtures, Grasses and Sweet Clover • Vegetables include Carrots, Cooking Onions, Rutabagas and Parsnips

TABLE 4

SUMMARY OF PARTICIPATION, PREMIUMS AND INDEMNITIES PAID

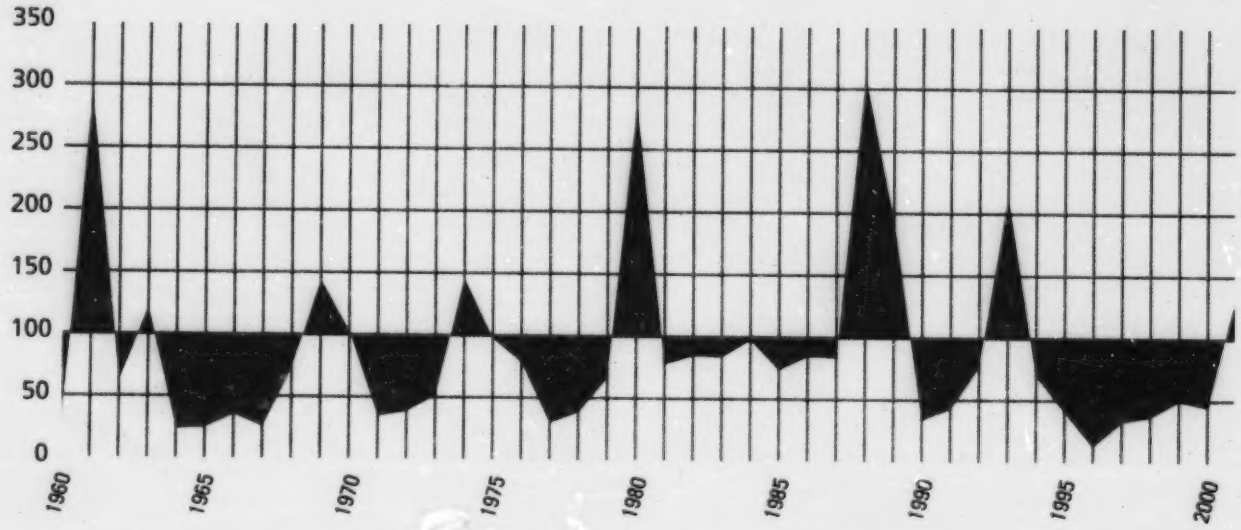
Year	Crop Insurance Program[1]							Hail Insurance Program					
	Number of Contracts[2]	Acres Insured	Coverage ($000)	Producer Premiums ($000)	Total Premiums[3] ($000)	Indemnities ($000)	Annual Loss Ratio (%)	Number of Contracts	Acres Insured	Coverage ($000)	Premiums[4] ($000)	Indemnities ($000)	Annual Loss Ratio (%)
1970-71	13,669	1,587,276	26,873	1,505.2	2,006.9	2,061.5	103	1,583	227,926	4,576	114.3	112.8	99
1971-72	13,233	2,244,971	36,961	2,187.3	2,916.4	1,018.4	35	2,668	561,663	11,463	279.9	80.1	29
1972-73	11,945	2,027,966	35,354	1,895.8	2,527.8	983.1	39	2,443	528,351	10,932	270.9	70.5	26
1973-74	13,585	3,070,213	59,651	2,135.6	4,271.3	2,216.5	52	3,626	983,978	24,521	550.0	617.0	112
1974-75	13,878	3,220,838	81,769	2,846.6	5,693.2	8,299.4	146	3,681	1,016,056	30,928	684.6	423.2	62
1975-76	14,199	3,640,868	126,602	4,785.4	9,570.8	9,338.9	98	4,411	1,255,907	42,472	902.8	1,239.5	137
1976-77	14,583	4,019,879	151,564	5,630.8	11,261.7	8,881.8	79	4,263	1,317,874	47,318	1,029.2	1,197.2	116
1977-78	18,016	5,134,974	210,442	9,384.7	18,769.5	5,590.6	30	4,751	1,530,513	57,205	1,261.5	1,231.5	98
1978-79	15,950	4,551,774	189,208	8,273.6	16,547.2	6,445.4	39	5,062	1,729,463	66,998	1,700.1	1,825.2	107
1979-80	17,275	4,237,086	186,806	8,355.8	16,711.6	11,177.1	67	4,260	1,576,189	63,685	1,683.2	997.9	59
1980-81	14,176	4,741,665	245,847	9,763.1	19,526.1	55,288.7	283	3,518	1,225,244	62,927	1,552.3	1,042.7	67
1981-82	14,633	4,945,403	301,470	12,035.9	24,071.8	18,770.3	78	4,435	1,753,538	94,251	2,273.1	2,266.4	100
1982-83	14,087	4,869,848	309,764	13,256.1	26,512.1	22,600.4	85	4,686	1,961,043	128,490	3,196.1	2,557.6	80
1983-84	13,837	4,878,330	322,254	13,329.9	26,659.7	22,297.6	84	5,104	2,193,680	142,994	3,520.8	3,038.1	86
1984-85	14,087	5,201,958	355,025	15,028.4	30,056.8	29,543.0	98	6,079	2,708,265	178,872	4,603.9	7,728.1	168
1985-86	14,723	5,577,676	438,226	21,827.7	43,655.4	33,287.6	76	6,678	3,113,683	258,223	8,125.4	3,696.9	45
1986-87	14,671	5,567,024	436,142	21,509.1	43,018.1	36,561.7	85	6,634	3,078,347	255,947	8,255.6	6,535.7	79
1987-88	14,070	5,230,009	333,527	16,530.5	33,061.1	27,921.7	84	5,607	2,487,981	203,797	6,645.5	2,822.3	42
1988-89	14,068	5,622,239	375,629	19,188.4	38,376.8	117,923.8	307	5,165	2,175,320	182,635	5,866.2	3,738.6	64
1989-90	15,765	6,645,918	673,831	35,691.2	71,382.3	138,706.8	194	5,147	2,298,720	187,181	5,574.8	9,688.7	174
1990-91	15,670	6,436,601	567,129	36,966.5	73,932.9	25,196.0	34	4,701	2,062,319	170,653	5,395.0	3,488.0	65
1991-92	15,134	6,431,439	391,504	24,730.1	49,460.2	21,350.6	43	2,193	1,047,118	84,737	2,884.8	3,140.8	109
1992-93	13,660	5,899,450	442,477	25,465.3	50,930.7	39,328.4	77	2,406	1,214,543	98,448	3,471.6	2,399.8	69
1993-94	12,799	5,848,025	458,161	24,495.7	48,991.3	104,188.7	213	2,726	1,429,518	115,933	4,100.7	7,115.9	174
1994-95	12,482	6,319,940	512,912	27,161.3	54,322.6	38,036.7	70	2,773	1,481,142	122,867	4,924.6	4,998.6	102
1995-96	11,972	5,811,596	488,366	26,952.0	53,904.1	22,249.3	41	3,705	2,150,903	187,016	7,588.9	5,107.2	67
1996-97	12,788	8,175,360	755,404	23,435.3	82,464.7	11,101.5	13	5,364	3,440,183	315,785	11,813.2	3,801.0	32
1997-98	12,421	8,439,182	900,449	26,833.0	97,398.7	32,494.6	33	5,203	3,383,648	307,827	12,583.3	7,987.0	63
1998-99	11,644	8,495,967	884,092	25,517.2	93,637.5	34,346.3	37	4,533	3,009,432	274,323	11,232.0	2,172.5	19
1999-00	11,273	7,687,037	855,227	23,491.6	85,529.6	42,557.9	50	3,378	2,029,004	185,403	7,012.0	4,048.3	58
2000-01	11,309	8,683,097	832,206	21,490.3	79,970.3	36,291.5	45	3,444	2,295,240	241,578	7,945.5	9,737.6	123
2001-02	11,054	8,541,961	966,901	19,941.5	72,192.9	97,346.9	135	3,238	2,104,656	223,785	7,306.3	6,324.5	87

(1) Excludes data from 1960-61 to 1969-70 and the Livestock Feed Security and Honey Programs (2) Includes landlord contracts
(3) The total premium represents the producers' share plus the Government of Canada's and the Province of Manitoba's shares (4) Hail Insurance Program premiums do not include discounts or surcharges
(5) For 2000-01 and 2001-02, the acres and coverage for Excess Moisture Insurance are not included in the Crop Insurance Program totals

HISTORICAL LOSS RATIOS

CROP INSURANCE PROGRAM

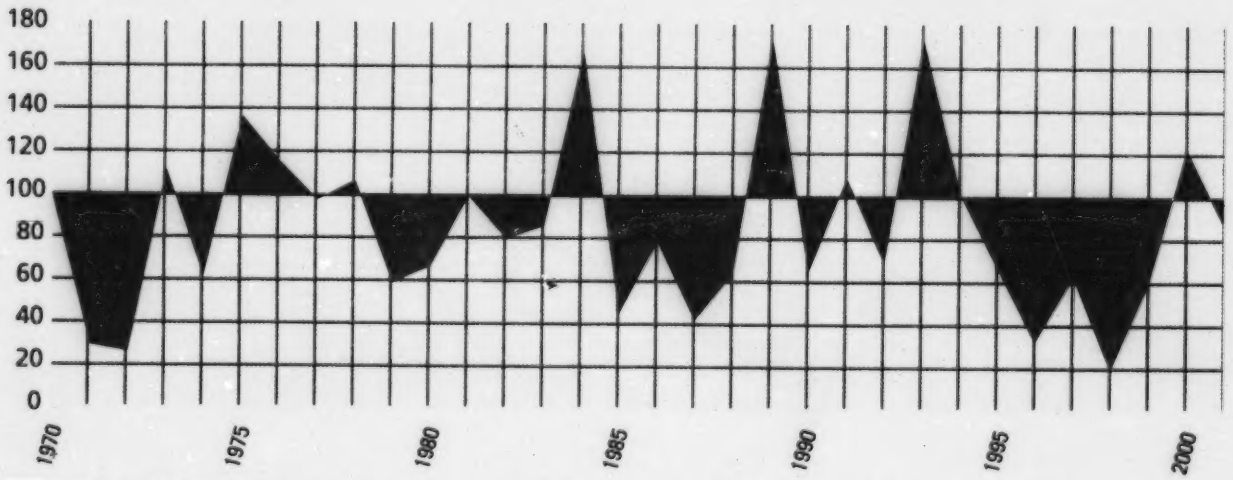
PERCENT



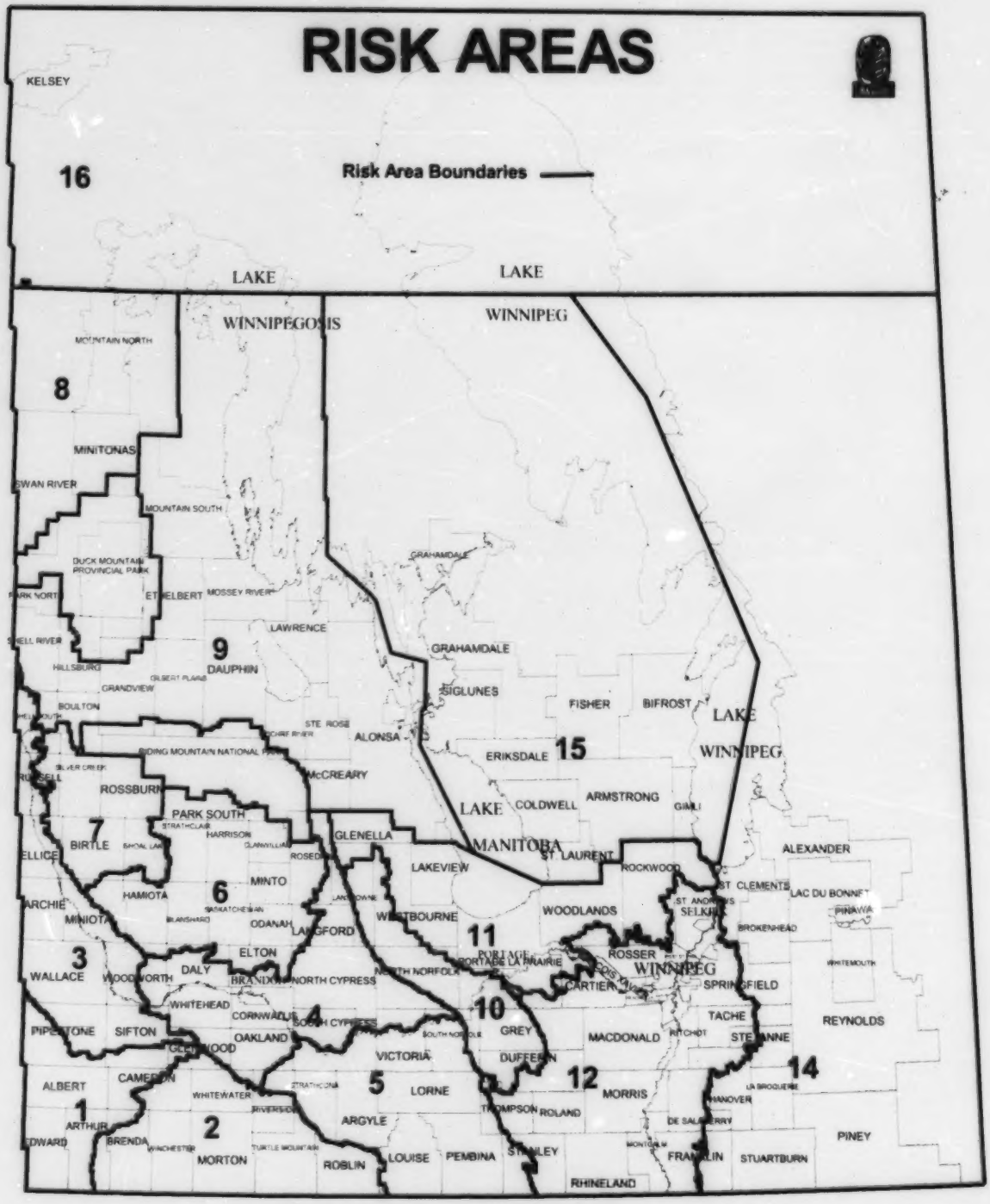
NOTE: In 2001, the loss ratio was 135%. For comparison purposes, the record low was 13% in 1996 and the record high was 307% in 1988.

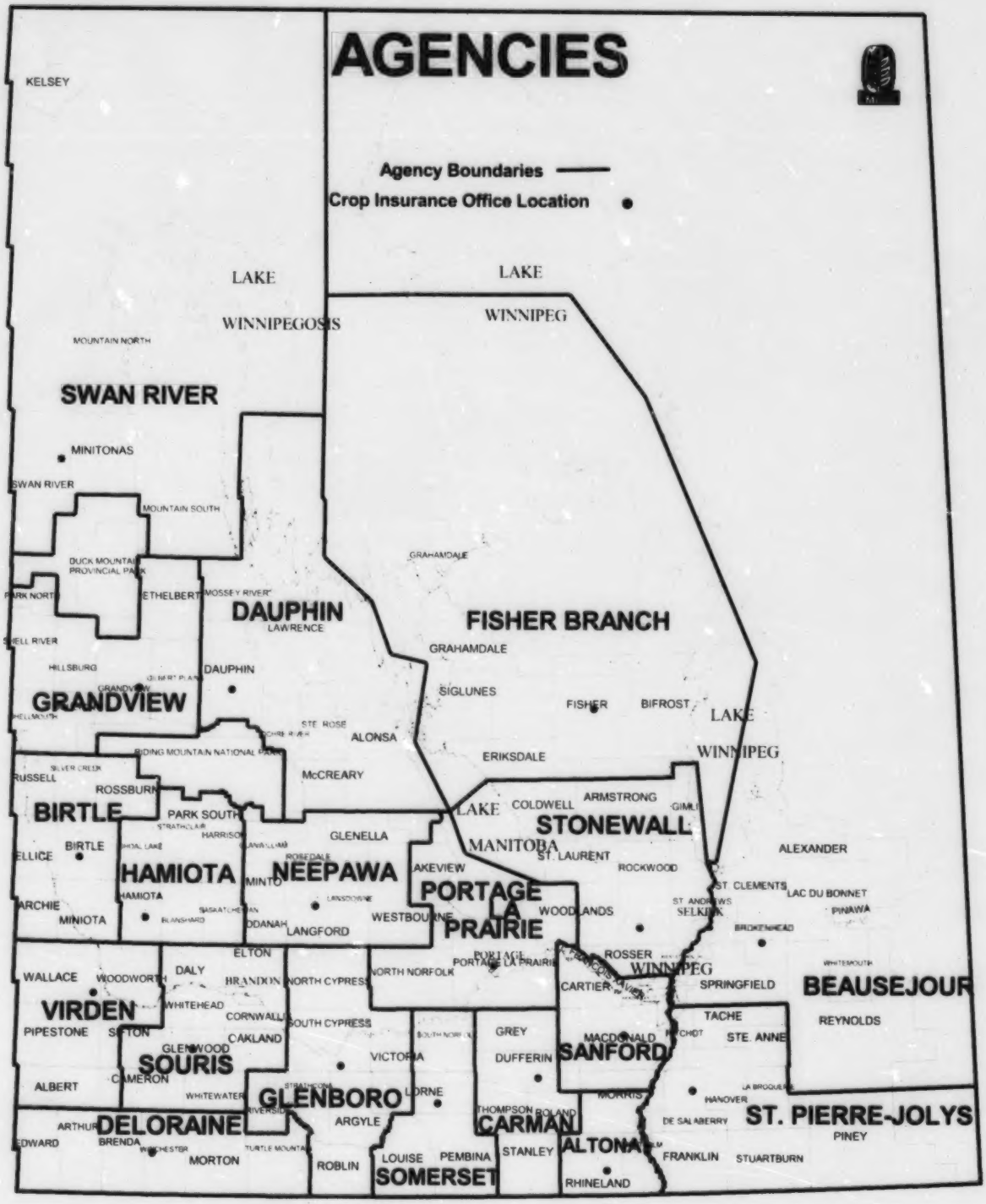
HAIL INSURANCE PROGRAM

PERCENT



NOTE: In 2001, the loss ratio was 87%. For comparison purposes, the record low was 19% in 1998 and the record high was 174% in both 1989 and 1993.


RISK AREAS
Risk Area Boundaries
16
KELSEY
LAKE
WINNIPEGOSIS
LAKE
WINNIPEG
8
MINITONAS
SWAN RIVER
DUCK MOUNTAIN PROVINCIAL PARK
ETHELBERT
MOSSEY RIVER
LAWRENCE
9
DAUPHIN
GRAHAMDALE
SIGLUNES
FISHER
BIFROST
LAKE
WINNIPEG
ERIKSDALE
15
ALONSA
STE ROSE
McCREARY
ROSSBURN
PARK SOUTH
LAKE
COLDWELL
ARMSTRONG
GIMLI
7
BIRTLE
GLENELLA
MANITOBA
ST LAURENT
ALEXANDER
LAKEVIEW
ROCKWOOD
ST CLEMENTS
LAC DU BONNET
HAMIOTA
6
MINTO
ARCHIE
MINIOTA
ODANAH
LANGFORD
WESTBOURNE
WOODLANDS
SELKIRK
PINAWA
BROKENHEAD
11
PORTAGE LA PRAIRIE
ROSSER
3
WALLACE
ELTON
DALY
WOODWORTH
BRANDON
NORTH CYPRESS
NORTH NORFOLK
CARTIER
WINNIPEG
SPRINGFIELD
WHITEMOUTH
WHITEHEAD
4
10
TACHE
REYNOLDS
CORNWALLIS
SOUTH CYPRESS
GREY
MACDONALD
PIPESTONE
SIFTON
OAKLAND
VICTORIA
DUFFERIN
STE ANNE
14
ALBERT
CAMERON
5
12
LORNE
MORRIS
WHITEWATER
THOMPSON
ROLAND
HANOVER
1
ARTHUR
2
ARGYLE
PINEY
EDWARD
BRENDA
MORTON
ROBLIN
LOUISE
PEMBINA
STANLEY
FRANKLIN
STUARTBURN
RHINELAND


AGENCIES
Agency Boundaries
Crop Insurance Office Location
KELSEY
LAKE WINNIPEGOSIS
LAKE WINNIPEG
MOUNTAIN NORTH
SWAN RIVER
MINITONAS
SWAN RIVER
MOUNTAIN SOUTH
DUCK MOUNTAIN PROVINCIAL PARK
PARK NORTH
ETHELBERT
MOSSEY RIVER
DAUPHIN
LAWRENCE
GRAHAMDALE
FISHER BRANCH
SHELL RIVER
HILLSBURG
DAUPHIN
GRANDVIEW
SIGLUNES
FISHER
BIFROST
LAKE WINNIPEG
STE. ROSE
ALONSA
RIDING MOUNTAIN NATIONAL PARK
ERIKSDALE
SILVER CREEK
RUSSELL
McCREARY
ROSSBURN
BIRTLE
PARK SOUTH
LAKE
COLDWELL
ARMSTRONG
GIMLI
STONEWALL
GLENELLA
MANITOBA
ALEXANDER
ELLICE
BIRTLE
ROSEDALE
AKEVIEW
ST. LAURENT
ROCKWOOD
HAMIOTA
NEEPAWA
MINTO
PORTAGE LA PRAIRIE
ST. CLEMENTS
LAC DU BONNET
ARCHIE
HAMIOTA
SASKATCHEWAN
LANSDOWNE
ST. ANDREWS
SELKIRK
PINAWA
MINIOTA
BLANSHARD
ODANAH
LANGFORD
WESTBOURNE
WOODLANDS
BROKENHEAD
ELTON
PORTAGE
ROSSER
WALLACE
WOODWORTH
DALY
BRANDON
NORTH CYPRESS
NORTH NORFOLK
PORTAGE LA PRAIRIE
WINNIPEG
WHITEMOUTH
CARTIER
SPRINGFIELD
BEAUSEJOUR
VIRDEN
WHITEHEAD
CORNWALLIS
SOUTH CYPRESS
TACHE
REYNOLDS
PIPESTONE
SEWTON
OAKLAND
GREY
MACDONALD
STE. ANNE
GLENWOOD
SOURIS
VICTORIA
DUFFERIN
SANFORD
ALBERT
CAMERON
WHITEWATER
GLENBORO
LORNE
MORRIS
LA BROQUERIE
HANOVER
ARTHUR
DELORAINE
ARGYLE
THOMPSON
ROLAND
CARMAN
DE SALABERRY
ST. PIERRE-JOLYS
EDWARD
BRENDA
MORTON
TURTLE MOUNTAIN
ROBLIN
LOUISE
PEMBINA
STANLEY
ALTONA
FRANKLIN
STUARTBURN
PINEY
SOMERSET
RHINELAND

FINANCIAL STATEMENTS

for the year ended March 31, 2002

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RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of the Manitoba Crop Insurance Corporation is responsible for the integrity, objectivity and reliability of the financial statements, accompanying notes and other financial information in the annual report which it has prepared.

Management maintains internal control systems to ensure that transactions are accurately recorded in accordance with established policies and procedures. In addition, certain best estimates and judgements have been made based on a careful assessment of the available data.

The financial statements and accompanying notes are examined by the Auditor General for Manitoba, whose opinion is included herein. The Auditor General has access to the Board of Directors, with or without Management present, to discuss the results of their audit and the quality of financial reporting of the Corporation.

Neil Hamilton
General Manager

Jim Lewis
Director, Finance & Administration

June 26, 2002

Office of the Auditor General

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To the Legislative Assembly of Manitoba, and
To the Board of Directors of Manitoba Insurance Corporation

We have audited the balance sheet of the Manitoba Crop Insurance Corporation as at March 31, 2002, the statement of operations and funds retained for the Crop Insurance program, the statement of operations and funds retained for the Hail Insurance program, the statement of cash flows and the statements of revenue and expenditure for the other agriculture related programs administered by the Corporation on behalf of the Government of the Province of Manitoba, being statements 1-4. These financial statements are the responsibility of the Corporation's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2002 and the results of its operations and its cash flows, and the revenue and expenditure transactions of the programs administered by the Corporation on behalf of the Government of the Province of Manitoba, for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
June 26, 2002

BALANCE SHEET
AS AT MARCH 31, 2002

	Crop Insurance Program	Hail Insurance Program	Gross Revenue Insurance Plan (Note 4(A))	Other Programs (Note 4)	2002 Total	2001 Total
Assets						
Cash	$ 3,133,973	–	–	–	$ 3,133,973	$ –
Short-term investments (Note 3(B))	265,746,789	19,847,941	–	279,600	285,874,330	323,520,617
Accounts receivable (Note 5)	6,051,140	672,700	14,697	61,332	6,799,869	106,584,968
Prepaid expenses	107,902	–	–	–	107,902	116,773
Interprogram receivable	119,444	–	3,053,399	433,676	3,606,519	483,602
	275,159,248	20,520,641	3,068,096	774,608	299,522,593	430,705,960
Capital assets (Note 6)	950,858	–	–	–	950,858	1,182,844
	$ 276,110,106	20,520,641	3,068,096	774,608	$ 300,473,451	$ 431,888,804
Liabilities and Funds Retained						
Bank indebtedness	$ –	–	–	–	$ –	$ 952,298
Reinsurance premiums payable	1,175,272	–	–	–	1,175,272	26,208
Indemnities payable (Note 7)	2,521,281	–	–	140,098	2,661,379	96,222,317
Accounts payable and accrued liabilities	2,197,447	–	35,065	634,510	2,867,022	2,737,484
Interprogram payable	3,487,075	119,444	–	–	3,606,519	483,602
Excess of revenue over expenditure	–	–	3,033,031	–	3,033,031	23,343,775
	9,381,075	119,444	3,068,096	774,608	13,343,223	123,765,684
Deferred revenue (Note 8)	950,858	–	–	–	950,858	1,182,844
Funds retained	265,778,173	20,401,197	–	–	286,179,370	306,940,276
	$ 276,110,106	20,520,641	3,068,096	774,608	$ 300,473,451	$ 431,888,804

APPROVED BY THE BOARD:

Walter W Kolenick
Chairperson

Hazel Arndt.
Vice-Chairperson

CROP INSURANCE PROGRAM

STATEMENT OF OPERATIONS AND FUNDS RETAINED

for the year ended March 31, 2002

	2002	2001
Revenue:		
Premiums		
Insured producers	$ 19,941,473	$ 21,490,262
Government of Canada (Note 3(F))	29,356,699	32,939,004
Province of Manitoba (Note 3(F))	22,894,712	25,541,046
	72,192,884	79,970,312
Less premiums ceded (Note 9)		
Reinsurance Fund of Canada	360,964	399,911
Reinsurance Fund of Manitoba	360,964	399,911
Excess of loss reinsurance	6,731,557	–
	7,453,485	799,822
Net premiums	64,739,399	79,170,490
Interest	12,207,836	14,772,278
Total revenue	76,947,235	93,942,768
Expenditure:		
Indemnities	97,346,945	36,291,493
Doubtful accounts (recoveries)	33,144	(8,031)
Administrative expenses – Schedule 1	9,995,769	9,221,090
Administrative expenses recovered from		
Government of Canada (Note 3(G))	(4,090,444)	(3,692,473)
Province of Manitoba (Note 3(G))	(4,095,659)	(3,697,864)
Insured producers (Note 3(G))	(1,809,666)	(1,830,753)
Net expenditure	97,380,089	36,283,462
Income (loss) for the year	(20,432,854)	57,659,306
Funds retained, beginning of year	286,211,027	228,551,721
Funds retained, end of year	$ 265,778,173	$ 286,211,027

HAIL INSURANCE PROGRAM

STATEMENT OF OPERATIONS AND FUNDS RETAINED

for the year ended March 31, 2002

	2002	2001
Revenue:		
Premiums, net of discounts	$ 7,131,002	$ 7,754,147
Less premiums ceded for reinsurance (Note 10)	566,480	615,779
Net premiums	6,564,522	7,138,368
Reinsurance recoveries (Note 10)	–	2,352,201
Interest and surcharges	899,449	1,190,524
Total revenue	7,463,971	10,681,093
Expenditure:		
Indemnities	6,324,512	9,737,615
Administrative expenses – Schedule 1	1,502,650	1,773,399
Doubtful accounts (recoveries)	(35,139)	(20,057)
Total expenditure	7,792,023	11,490,957
Income (loss) for the year	(328,052)	(809,864)
Funds retained, beginning of year	20,729,249	21,539,113
Funds retained, end of year	$ 20,401,197	$ 20,729,249

STATEMENT OF CASH FLOWS

for the year ended March 31, 2002

	Crop Insurance Program	Hail Insurance Program	2002 Total	2001 Total
Cash provided by (used for)				
Operating Activities:				
Income (loss) for the year				
Income (loss) before interest revenue	$ (32,640,690)	(1,227,501)	$ (33,868,191)	$ 40,886,640
Interest revenue	12,207,836	899,449	13,107,285	15,962,802
	(20,432,854)	(328,052)	(20,760,906)	56,849,442
Items not involving cash				
Changes in allowance for doubtful accounts	12,325	(33,904)	(21,579)	(80,200)
Amortization of capital assets	397,011	–	397,011	420,031
Changes in:				
Accounts receivable	1,204,864	212,170	1,417,034	(846,332)
Interest receivable	4,612,506	370,062	4,982,568	(1,825,034)
Prepaid expenses	8,871	–	8,871	(6,464)
Interprogram receivable/payable	3,845,295	122,413	3,967,708	(738,457)
Reinsurance premiums payable	1,149,064	–	1,149,064	(12,415)
Indemnities payable	(347,722)	(1,285)	(349,007)	1,227,258
Accounts payable and accrued liabilities	(328,877)	–	(328,877)	(65,986)
Cash provided by (used for) operating activities	(9,879,517)	341,404	(9,538,113)	54,921,843
Investing Activities:				
Sale (purchase) of short-term investments	29,687,312	4,052,775	33,740,087	(45,113,1
Purchase of capital assets	(165,025)	–	(165,025)	(102,1
Cash provided by (used for) investing activities	29,522,287	4,052,775	33,575,062	(45,215,2
Financing Activities:				
Deferred revenue	(231,986)	–	(231,986)	(317,8
Cash used for financing activities	(231,986)	–	(231,986)	(317,8
Net increase in cash and short-term investments	19,410,784	4,394,179	23,804,963	9,3
Cash and cash equivalents, beginning of year	15,389,411	3,058,120	18,447,531	9,0
Cash and cash equivalents, end of year	$ 34,800,195	7,452,299	$ 42,252,494	$ 18,447,5
Cash and cash equivalents comprised of the following:				
Short-term investments	$ 265,746,789	19,847,941	$ 285,594,730	$ 299,6
Short-term investments with terms greater than 90 days	234,080,567	12,395,642	246,476,209	280,2
Short-term investments with terms of 90 days or less	31,666,222	7,452,299	39,118,521	19,3
Cash (bank indebtedness)	3,133,973	–	3,133,973	(9
	$ 34,800,195	7,452,299	$ 42,252,494	$ 18,447,5

STATEMENT 1

REVENUE PROTECTION – GROSS REVENUE INSURANCE PLAN (NOTE 4(A))

STATEMENT OF REVENUE AND EXPENDITURE

for the year ended March 31, 2002

	2002	2001
Revenue:		
Interest	$ 550,013	$ 1,267,616
Expenditure:		
Indemnities, prior years	–	211,488
Doubtful accounts (recoveries)	(57,316)	(9,945)
Administrative expenses – Schedule 1	16,464	16,652
Administrative expenses recovered from		
Government of Canada	(8,232)	(8,027)
Province of Manitoba	(8,232)	(8,625)
Net expenditure (recoveries)	(57,316)	201,543
Excess of revenue over expenditure	607,329	1,066,073
Excess of revenue over expenditure, beginning of year	23,343,775	22,277,702
Refunds to participants, during the year	20,918,073	–
Excess of revenue over expenditure, end of year	$ 3,033,031	$ 23,343,775

STATEMENT 2

WILDLIFE DAMAGE COMPENSATION PROGRAM (NOTE 4(B))

STATEMENT OF REVENUE AND EXPENDITURE

for the year ended March 31, 2002

	2002	2001
Revenue:		
Recovery of expenditures		
Government of Canada	$ 598,198	$ 1,132,013
Province of Manitoba	834,072	1,576,159
Total revenue	$ 1,432,270	$ 2,708,172
Expenditure:		
Indemnities	$ 1,179,373	$ 2,220,729
Administrative expenses		
Adjusters' wages, benefits and expenses	222,053	450,477
Audit fees and legal	14,001	6,080
Other administrative expenses	16,843	30,886
	252,897	487,443
Total expenditure	$ 1,432,270	$ 2,708,172

STATEMENT 3

MANITOBA MANAGEMENT PLUS PROGRAM (NOTE 4(C))

STATEMENT OF REVENUE AND EXPENDITURE

for the year ended March 31, 2002

	2002	2001
Revenue:		
Recovery of expenditures		
Manitoba Rural Adaptation Council Inc.	$ 21,349	$ 75,468
Expenditure:		
Administrative expenses	$ 21,349	$ 75,468

STATEMENT 4

MANITOBA FARM DISASTER ASSISTANCE PROGRAM (NOTE 4(D))
CANADA-MANITOBA ADJUSTMENT PROGRAM (NOTE 4(D))
CANADA-MANITOBA ADJUSTMENT PROGRAM 2 (NOTE 4(D))

STATEMENT OF REVENUE AND EXPENDITURE

for the year ended March 31, 2002

	Manitoba Farm Disaster Assistance Program		Canada-Manitoba Adjustment Program		Canada-Manitoba Adjustment Program 2	
	2002	**2001**	**2002**	**2001**	**2002**	**2001**
Revenue:						
Recovery (repayment) of expenditures						
Government of Canada	$ –	$ –	$ –	$ –	$ –	$ 55,200,000
Province of Manitoba	4,017	(213,573)	–	–	–	36,800,000
Total recovery (repayment)	4,017	(213,573)	–	–	–	92,000,000
Interest	–	–	17,357	708,956	464,006	–
Total revenue (repayment)	$ 4,017	$ (213,573)	$ 17,357	$ 708,956	$ 464,006	$ 92,000,000
Expenditure:						
Program payments (recoveries)	$ –	$ (238,608)	$ (286,984)	$ 701,780	$ 352,913	$ 91,900,000
Doubtful accounts	(9,649)	16,437	5,465	7,176	345	–
Administrative expenses	13,666	8,598	332	–	16,565	100,000
Refund of excess interest to contributors	–	–	298,544	–	94,183	–
Total expenditure (recoveries)	$ 4,017	$ (213,573)	$ 17,357	$ 708,956	$ 464,006	$ 92,000,000

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2002

1. AUTHORITY

The Manitoba Crop Insurance Corporation was incorporated under a specific Statute of the Province of Manitoba, and operates under the authority of The Crop Insurance Act, Chapter C310 in the Continuing Consolidation of the Statutes of Manitoba.

2. BASIS OF REPORTING

The financial statements of the Corporation are in such form as prescribed by Section 13 of The Crop Insurance Act, and are presented in accordance with Canadian generally accepted accounting principles.

3. SIGNIFICANT ACCOUNTING POLICIES

(A) Programs

Under the provisions of its Act and regulations, the Corporation operates crop and hail insurance programs for Manitoba farmers.

The Corporation is also responsible for the administration of various agriculture related programs, including the Revenue Protection component of the Gross Revenue Insurance Plan and the Wildlife Damage Compensation Program, on behalf of the Government of Canada and the Province of Manitoba.

For financial accounting purposes, all programs are regarded as separate operations and are accounted for separately.

(B) Short-Term Investments

Short-term investments are carried at cost, which approximates market value. Funds available for short-term investment are invested with the Province of Manitoba, in accordance with Section 20(8) of The Crop Insurance Act.

(C) Capital Assets and Amortization

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized on a straight-line basis over their estimated useful lives, as follows:

Furniture and Equipment	10 years
Computer Hardware	4 years
Computer Software	4 years
Major Application Development	8 years
Leasehold Improvements	Remaining term of the lease

(D) Pensions

Effective April 1, 1998, the Corporation began matching employees' current pension contributions to the Civil Service Superannuation Plan. As a matching employer, the Corporation discharges its pension liability on a current basis and, therefore, has no additional pension obligation.

(E) Vacation and Severance Pay

Employees of the Corporation are entitled to vacation and severance pay in accordance with the terms of the Collective Agreements and Corporation policy. The liability for vacation and severance pay is recorded based on the Corporation's best estimates.

(F) Premiums and Government Contributions

The Corporation recognizes as revenue all premiums earned on policies in force during the year. The insurance premium rates are calculated annually by crop and rating area and are based on a 25-year average of historical loss experience adjusted for the program's current level of benefits. Premium rates are adjusted annually to maintain adequate reserves over time. This is done to ensure the financial self-sustainability of the program.

Agreements between the Government of Canada and the Province of Manitoba provide for the cost sharing of the insurance premiums under the Crop Insurance Program. The insurance premiums for coverage of 50% of the insureds' probable yields are shared between the Government of Canada (60%) and the Province of Manitoba (40%). Premiums for insurance coverage above the 50% level are shared between the insureds (50%), the Government of Canada (25%) and the Province of Manitoba (25%).

(G) Administrative Expenses

The agreement relating to the Crop Insurance Program, referred to in Section (F) of this note, stipulates that administrative expenses, net of any administrative revenues, will be shared equally by the Government of Canada and the Province of Manitoba. Administrative revenues include a per acre administrative fee shown as a recovery from insured producers. Administrative expenses relating to the Hail Insurance Program are recovered from the insureds.

Identifiable administrative expenses for all of the programs administered by the Corporation are charged directly to the specific program. Where direct charging of administrative expenses to specific programs is not possible, these expenses are allocated to each program on a basis approved by the Corporation's Board of Directors.

4. OTHER PROGRAMS

(A) Statement 1

Effective January 1991, the Corporation assumed responsibility for the administration of the agreement between the Government of Canada and the Province of Manitoba for the Revenue Protection component of the Gross Revenue Insurance Plan (GRIP) for crops produced in Manitoba.

For the year ended March 31, 1993 and subsequent years, the GRIP premiums were shared between insured producers (33.33%), the Government of Canada (41.67%), and the Province of Manitoba (25%).

The administrative expenses incurred by the Corporation to administer GRIP are shared equally by the Government of Canada and the Province of Manitoba.

The Government of Canada and the Province of Manitoba terminated GRIP at the end of the 1995 crop year. In 1997, $47,491,745 or 75% of the March 31, 1996 excess of revenue over expenditure was distributed to the participants according to their respective premium contributions. The balance was held, earning interest, until all outstanding issues relating to GRIP were finalized.

During the year the final distribution was made to participants as follows:

	Principal	Interest	Total
Producers	$ 5,666,356	$ 2,134,439	$ 7,800,795
Government of Canada*	7,082,570	–	7,082,570
Province of Manitoba	4,249,202	1,785,506	6,034,708
Totals	$ 16,998,128	$ 3,919,945	$ 20,918,073

* The interest on the federal share of the excess revenue over expenditure has been retained at March 31, 2002 pending the completion of an agreement between the Government of Canada and the Province of Manitoba.

(B) Statement 2

The Corporation administers the Wildlife Damage Compensation Program that was established to compensate producers for 100% of damaged agricultural crops, products and domestic livestock caused by big game, waterfowl or livestock predation. The Government of Canada contributes 40% of losses and 50% of administrative expenses. The Province of Manitoba contributes 60% of losses and 50% of administrative expenses.

(C) Statement 3

Effective June 1993, the Corporation assumed responsibility for the administration of the Manitoba Management Plus Program. The program was established to provide producers with crop management data to assist them in making management decisions regarding their farm operations. The administrative expenses incurred for this program are recovered from the Manitoba Rural Adaptation Council Inc.

(D) Statement 4

Manitoba Farm Disaster Assistance Program (MFDAP)

Commencing June 1999, the Corporation assumed responsibility for the administration of the Manitoba Farm Disaster Assistance Program (MFDAP). This program was introduced to help producers affected by the excess moisture conditions that impaired seeding and damaged forage fields and pastures in the spring of 1999. The program covered unseeded land, forage restoration, hay production shortfall and custom seeding. Program funding of $70.2 million was provided by the Province of Manitoba.

Canada-Manitoba Adjustment Program (CMAP)

Effective March 2000, the Corporation assumed responsibility for the administration of the Canada-Manitoba Adjustment Program on behalf of the Government of Canada and the Province of Manitoba. This program provided producers of grains, oilseeds and special crops with a one-time payment to assist them as they adjust to the elimination of transportation subsidies during a period of low prices.

Assistance of over $100 million was provided through this program. This amount, which includes administrative expenses, was cost shared by the Government of Canada (60%) and the Province of Manitoba (40%). The interest earned on invested funds was used partly to make additional payments to new producers, with the balance to be repaid to the Government of Canada and the Province of Manitoba according to the timing of their respective contributions.

Canada-Manitoba Adjustment Program 2 (CMAP 2)

Effective March 2001, the Corporation assumed responsibility for the administration of the Canada-Manitoba Adjustment Program 2. This program was introduced to help Manitoba producers by lessening the impact of the farm income crisis in the grains, oilseeds and special crop sectors.

Assistance of over $92 million was provided through this program. This amount, which includes administrative expenses, was cost shared by the Government of Canada (60%) and the Province of Manitoba (40%). Interest earned on invested funds was used partly to make additional payments to producers with the balance to be repaid to the Government of Canada and the Province of Manitoba according to their respective contributions.

5. ACCOUNTS RECEIVABLE

The accounts receivable as of March 31, 2002 consist of the following:

	March 31, 2002					March 31, 2001
	Crop Insurance Program	Hail Insurance Program	Gross Revenue Insurance Plan	Other Programs	Total	Total*
Insureds	$ 1,427,282	353,678	940	18,467	$ 1,800,367	$ 2,007,902
Government of Canada	597,652	–	13,173	26,932	637,757	57,069,596
Province of Manitoba	967,113	–	584	–	967,697	38,833,005
Accrued Interest	3,008,684	188,057	–	973	3,197,714	8,459,737
Other	50,409	130,965	–	14,960	196,334	214,728
	$ 6,051,140	672,700	14,697	61,332	$ 6,799,869	$ 106,584,968

* Included in Other Programs for the year ended March 31, 2001 were accounts receivable of $92,000,000 relating to the CMAP 2 program.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2002

6. CAPITAL ASSETS

	March 31, 2002			March 31, 2001
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and Equipment	$ 235,160	83,406	$ 151,754	$ 110,165
Computer Hardware	395,503	273,492	122,011	96,858
Computer Software	74,881	67,434	7,447	11,902
Major Application Development	2,907,419	2,363,506	543,913	825,064
Leasehold Improvements	308,517	182,784	125,733	138,855
	$ 3,921,480	2,970,622	$ 950,858	$ 1,182,844

7. INDEMNITIES PAYABLE

Indemnities payable for the Crop Insurance Program of $2,521,281 (2001 – $2,869,003) provide for indemnity payments relating to the 2001 crop year. This amount includes an estimate of $1,260,000 (2001 – $1,930,000), which represents the liability for unpaid claims and the loss of crop value due to the over-winter deterioration of unharvested crops.

Indemnities payable for Other Programs of $140,098 (2001 – $93,352,029) include a provision of $115,000 (2001 – $855,778) for the Wildlife Damage Compensation Program.

8. DEFERRED REVENUE

Deferred revenue represents administrative subsidies provided equally by the Government of Canada and the Province of Manitoba and is used to acquire capital assets. Deferred revenue is recognized as revenue when amortization is recorded on capital assets.

9. REINSURANCE – CROP INSURANCE PROGRAM

In accordance with the terms of a reinsurance agreement between the Government of Canada and the Province of Manitoba, the two levels of government maintain separate reinsurance accounts. The Corporation pays reinsurance premiums to the Crop Reinsurance Fund of Canada for Manitoba, and to the Crop Reinsurance Fund of Manitoba, based on premiums collected plus the matching contributions paid by the Government of Canada and the Province of Manitoba. When indemnities are in excess of the funds retained by the Corporation and certain other conditions are met, transfers are made from the Crop Reinsurance Fund accounts to the Corporation. Interest is neither credited nor charged to the Funds by the Government of Canada or the Province of Manitoba.

	Reinsurance Fund of Canada for Manitoba		Reinsurance Fund of Manitoba	
	2002	2001	2002	2001
Opening surplus (deficit)	$ (2,039,958)	$ (2,446,370)	$ 20,637,985	$ 20,231,573
Current year premium contributions (net) *	367,147	406,412	367,147	406,412
Closing surplus (deficit)	$ (1,672,811)	$ (2,039,958)	$ 21,005,132	$ 20,637,985

* Current year reinsurance premium contributions are shown net of an allowance for uncollectible accounts.

The Corporation obtained private reinsurance for the 2001 Crop Insurance Program in addition to what is covered by the reinsurance agreement between the Government of Canada and Province of Manitoba. This new agreement provided for the 35 reinsuring companies to assume approximately 75% of losses, including loss adjustment expenses, from 15% to 25% of the Crop Insurance coverage. Reinsurance premiums were $6,731,557. There were no reinsurance recoveries in 2001.

10. REINSURANCE – HAIL INSURANCE PROGRAM

In May 1999, the Corporation entered into a three-year reinsurance agreement for the Hail Insurance Program. This agreement provides for the 16 reinsuring companies to assume hail insurance losses, including loss adjustment expenses, from 100% to 175% of gross premium. Reinsurance premiums were $566,480 (2001 – $615,779). There were no reinsurance recoveries in 2001 (2000 – $2,352,201).

11. LEASE AGREEMENTS

The Corporation has entered into long-term lease agreements. The minimum payments under these leases are as follows:

Year Ending March 31st	Lease Agreements Amounts
2003	$ 477,232
2004	411,561
2005	365,459
2006	307,459
2007	265,326
	$ 1,827,037
2008 and beyond	125,915
	$ 1,952,952

12. CONTINGENCIES

Various legal actions for additional indemnity payments and coverages have been commenced by producers against the Corporation. The outcome of these claims cannot be determined at this time.

13. ACTUARIAL REVIEW

An actuarial review of the 1998 Crop Insurance Program was completed by Tillinghast, consulting actuaries, in January 1998. The actuarial report concludes that the methodologies used by the Corporation in establishing the probable yields of the crops covered by the Program meet the requirements of the Federal Crop Insurance Regulations. The report also concludes that the premium rate methodologies are actuarially sound, are sufficient to meet expected claim costs, and include a provision for adverse deviations from expected results.

A comprehensive actuarial review is completed every five years with any new programs or program changes being reviewed annually.

14. RELATED-PARTY TRANSACTIONS

The Corporation is related in terms of common ownership to all Province of Manitoba-created departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business.

Interest earned on investments held with the Province of Manitoba amounted to $14.0 million (2001 – $17.7 million). Included in accounts receivable (Note 5) is $3.2 million (2001 – $8.5 million) of accrued interest related to investments held with the Province of Manitoba.

15. SUBSEQUENT EVENTS

In April 2002, $2,977,366, which represents the balance of the Government of Canada's share of the interest earned on the Gross Revenue Insurance Plan (GRIP) excess of revenue over expenditure, was distributed to the Food Development Centre in accordance with the Canada-Manitoba Agreement for the Retention of Interest.

SCHEDULE 1

SCHEDULE OF ADMINISTRATIVE EXPENSES

for the year ended March 31, 2002

		2002		2001
Adjusters' wages, benefits and expenses	$	3,224,765	$	2,890,121
Advertising		113,437		115,326
Amortization expense		397,011		420,031
Appeal Tribunal		16,804		18,616
Audit fees and legal		114,350		126,119
Directors' remuneration and expenses		59,331		61,279
Furniture and equipment		46,679		37,761
Information technology		426,251		432,945
Office rental and utilities		555,353		555,123
Other administrative expenses		283,972		276,295
Other administrative recoveries		(138,622)		(119,413)
Postage		118,616		104,942
Printing, stationery and office supplies		182,648		166,922
Salaries and employee benefits		5,665,818		5,501,782
Telephone		129,057		125,514
Travel and automobile expenses		319,413		297,778
Total administrative expenses	$	11,514,883	$	11,011,141
Administrative expenses allocated to:				
Crop Insurance Program	$	9,995,769	$	9,221,090
Gross Revenue Insurance Plan		16,464		16,652
Hail Insurance Program		1,502,650		1,773,399
Total administrative expenses	$	11,514,883	$	11,011,141